

BASIL W. REAGEL

IBLA 77-571

Decided February 14, 1978

Appeal from a decision of the New Mexico State Office, Bureau of Land Management, rejecting appellant's high bid for competitive oil and gas lease NM 31421 (Okla).

Set aside and remanded.

1. Oil and Gas Leases: Competitive Leases—Oil and Gas Leases: Discretion to Lease

The Secretary of the Interior has the discretionary authority to reject a high bid in a competitive oil and gas lease sale where the record discloses a rational basis for the conclusion that the amount of the bid was inadequate.

2. Oil and Gas Leases: Competitive Leases

Where the high bid tendered at a competitive onshore oil and gas lease sale is not clearly spurious or irresponsible, and is rejected solely on the basis of a statement by an official that the bid is inadequate and no factual basis for that conclusion appears in the case record, the decision will be set aside and the case remanded.

APPEARANCES: Basil W. Reagel, Kansas City, Missouri.

OPINION BY ADMINISTRATIVE JUDGE RITVO

Basil W. Reagel has appealed from the August 30, 1977, decision of the New Mexico State Office, Bureau of Land Management, rejecting his bid for oil and gas lease NM 31421 (Okla) as inadequate. Appellant's bid of \$200.40 (\$5.01 an acre for 40 acres) was the higher of two bids for the parcel, the other being a bid of \$80. In support

of the State Office's decision there is only a memorandum from the Oil and Gas Supervisor, Mid-Continent Area, Geological Survey, which merely states that the bid for parcel No. 7 (and several others) is inadequate, with no further explanation.

Reagel takes exception to that conclusion for several reasons: (1) his bid was 2-1/2 times the only other bid; (2) in a previous sale his bid of \$3.70 per acre was accepted for a parcel 3 miles south of this one; (3) the August 9 sale attracted 101 bids for 24 parcels, but only two bids were submitted for parcel No. 7, an indication of its value; and (4) due to the location of the 40 acres in an old oil field, it can only be developed in combination with other land so that it must be available at a reasonable price or no secondary recovery will be feasible.

[1, 2] The Secretary of the Interior (or his delegate) has discretionary authority to reject a high bid for a competitive oil and gas lease when the record sets forth a rational basis for the conclusion that the bid is inadequate. Arkla Exploration Co., 25 IBLA 220 (1976): "But where a bid is not spurious or unreasonable on its face and the record fails to disclose a rational basis for the conclusion that the bid is inadequate, a rejection of the bid will not be sustained on appeal. * * * Yates Petroleum Company, 32 IBLA 196 (1977)."

Where the record on appeal contains nothing more than a mere conclusory statement that the bid is inadequate as in this instance, the case will be remanded. Id.

Therefore pursuant to the authority delegated to the Board of Land Appeals by the Secretary of the Interior, 43 CFR 4.1, the decision appealed from is set aside and the case remanded for further proceeding consistent herewith.

Martin Ritvo
Administrative Judge

We concur.

Douglas E. Henriques
Administrative Judge

Edward W. Stuebing
Administrative Judge

